

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

Texas Producers 88 -- Revised Paid-Up  
With 320 Acres Pooling Provision

THE STATE OF TEXAS  
COUNTY OF TARRANT

§  
§  
§

KNOWN TO ALL MEN BY THESE PRESENT

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 10th day of March, 2011, between **ROBERTO PALACIO AND JIRIJAH PALACIO**, as Lessor (whether one or more), whose address is 9705 Jericho Lane, Fort Worth, Texas 76108, and **CASTLE RESOURCES, LLC**, whose address is P.O. Box 16340, Fort Worth Texas, 76162, as Lessee, WITNESSETH:

1. Lessor in consideration Ten Dollars and other good and valuable consideration (\$10.00 & OVC), in hand paid, the receipt of which is hereby acknowledged, and of the royalties herein provided, and of the covenants and agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee, the right to enter upon and use the land for all purposes incident to investigating, exploring, prospecting, drilling and mining for and producing oil, gas (the term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases), sulfur, fissionable materials, and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core tests, gravity, magnetic and any other methods, for introducing or injecting fire, air, gas, steam, water, salt water, chemicals and other fluids or substances, into any subsurface stratum or strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, and including the right to remove from land any property placed by Lessee thereon and to draw and remove casing from the wells drilled by Lessee on said land, the following described land, or acreage pooled therewith, in Eastland County, Texas, to-wit:

**Lot 13, in Block 5G, of Legacy Square, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof recorded in Cabinet A, Slide 7476, Plat Records Tarrant County, Texas.**

This is a paid-up lease, and all delay rentals referred to herein are paid in full. This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. All property acquired by accretion or alluvion attaching to and forming a part of said land are included herein, whether properly or specifically described or not. Lessor agrees to execute at Lessee's request any additional supplemental instruments to effect a more complete or accurate description of the land so covered. For all purposes of this lease, said land is estimated to comprise 480 gross acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of **three years** from the date hereof (called "primary term") and as long thereafter as oil, gas, sulfur, fissionable materials or other minerals are produced or drilling operations are conducted from said land or land with which said land is pooled hereunder, or this lease is otherwise maintained in force and effect pursuant to other provisions herein contained.

3. The royalties to be paid by Lessee are: (a) On oil, **one-fifth (20%)** of that produced and saved from said land, the same to be delivered at the wells or to the Lessor's credit into the pipelines to which the wells might be connected. If Lessor elects not to take delivery of the royalty oil, Lessee may from time to time sell the royalty oil in its possession, paying to Lessor therefor the net proceeds derived by Lessee from the sale of such royalty oil. Lessor's royalty interest in oil shall bear its proportionate part of the cost of treating the oil to render it marketable oil and, if there is no available pipeline, its proportionate part of the cost of all trucking charges. (b) On gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or for the extractions of gasoline or other product therefrom, the net proceeds realized from the sale at the well on **one-fifth (20%)** of the gas so sold or used, provided that on gas sold at the well the royalty shall be **one-fifth (20%)** of the net proceeds derived from such sale. Lessor's royalty interest in gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, shall bear its proportionate part of the cost of all compressing, treating, dehydrating and transporting incurred in marketing the gas so sold at the wells. (c) On all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election. (d) While there is a well on said land or on lands pooled therewith capable of producing gas and/or condensate and if gas and/or condensate is not being sold or used off the premises for a period in excess of six full consecutive calendar months, and this lease is not then being maintained in force and effect under the other provisions hereof, Lessee shall tender or pay to Lessor annually at any time during the lease anniversary month of each year immediately succeeding any lease year in which a shut-in period occurred one-twelfth of the sum of \$5.00 per acre for the acreage then covered by this lease as shut-in royalty for each full calendar month in the preceding lease year that this lease was continued in force solely and exclusively by reason of the provisions of this paragraph. If such payment of shut-in royalty is so made or tendered by Lessee to Lessor, it shall be considered that this lease is producing gas in paying quantities and this lease shall not terminate, but remain in force and effect. The term "lease anniversary month" means that calendar month in which this lease is dated. The term "Lease year" means the calendar month in which the lease is dated, plus the eleven succeeding calendar months. (e) If the price of any oil, gas or other minerals produced hereunder is regulated by any governmental authority, the value of same for the purpose of computing the royalties hereunder shall not be in excess of the price permitted by such regulation. Should it ever be determined by any governmental authority, or any court of final jurisdiction, or otherwise, that the Lessee is required to make any refund on oil, gas, or other materials produced or sold by Lessee hereunder, then the Lessor shall bear his proportionate part of the cost of any such refund to the extent that royalties paid to Lessor have exceeded the permitted price, plus any interest thereon ordered by the regulatory authority or court, or agreed to by Lessee. If Lessee advances funds to satisfy Lessor's proportionate part of such refund, Lessee shall be subrogated to the refund order or refund claim, with the right to enforce same for Lessor's proportionate contribution, and with the right to apply rentals and royalties accruing hereunder toward satisfying Lessor's refund obligations. (f) Lessee shall have free use of oil, gas, and water from said land, except water from lessor's wells and tanks, for all operations hereunder, including re-pressuring, pressure maintenance, cycling and secondary recovery operations, and shall have the right to pump water onto, or off of, said lands either for secondary recovery operations, or for the purpose of disposing of same. Lessee shall have the right at any time

during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said lands, including the right to draw and remove all casing. No well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said lands without Lessor's consent.

4. Notwithstanding anything herein to the contrary, it is a condition of this lease that it shall not terminate upon any failure of the Lessee, for whatever reason, to make payments of any required shut-in royalty, either or both, herein provided for on or before the due dates thereof unless and until: (1) Lessor notifies Lessee in writing by registered mail or certified mail, return receipt requested, of non-payment of the shut-in royalty; and (2) Thereafter Lessee fails to make payment of the shut-in royalty to Lessor within fifteen (15) days following Lessee's actual receipt of such written notice. Payment of shut-in royalty by Lessee to Lessor within fifteen (15) days following Lessee's actual receipt of said written notice from Lessor shall be deemed timely and sufficient to maintain this lease in force and effect. The provisions of this paragraph are a part of the consideration for this lease, are contractual, and constitute a warranty from Lessor to Lessee. It is the desire and agreement of Lessor and Lessee to avoid forfeiture of this lease should Lessee fail to make payment of any required shut-in royalty on or before the scheduled due dates thereof, and to afford Lessee an opportunity to make such payments within fifteen days following actual receipt of written notice of non-payment from Lessor, thereby maintaining this lease in force. Such written notice from Lessor to Lessee shall state the full particulars concerning non-payment of shut-in royalty, identify the lease and land involved, the due date and amount claimed by Lessor, and Lessor's full name, current address and telephone number.

5. (a) Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof, as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 320 acres each in area, plus a tolerance of ten percent (10%) thereof, and units pooled for gas hereunder shall not substantially exceed in area 320 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operating of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by government regulations.

(b) Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling gas to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Upon execution by Lessee of an instrument describing and designating the pooled acreage as a pooled unit, said unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Within a reasonable time following the execution of said instrument so designating the pooled unit, Lessee shall file said instrument for record in the appropriate records of the county in which the leased premises are situated. Any unit so formed may be re-formed, increased, decreased, or changed in configuration, at the election of Lessee, at any time and from time to time after the original forming thereof, and Lessee may vacate any unit formed by it hereunder by instrument in writing filed for record in said county at any time when there is no unitized substance being produced from such unit.

(c) Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 6 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease.

(d) For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis - that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit which it is producing and not a production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit.

(e) The formation of any unit hereunder shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 5, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

6. If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith, Lessee should drill a well(s) which is incapable of producing in paying quantities ( hereinafter called "dry hole"), or if after discovery and production of oil, gas or other mineral, the production thereof should cease from any cause, or the action of any governmental authority, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of ninety days from date of completion of dry hole or cessation of production. If at any time subsequent to ninety days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety

days prior to the end of the primary term, the lease shall remain in force so long as operation on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to shut-in royalty or royalty hereunder, Lessee may pay or tender such shut-in royalty or royalty to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased and that all debts of the estate have been paid. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination of reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after such judicial determination to remedy the breach or default and Lessee fails to do so. The provisions of this paragraph 8(a) shall be applicable to the payment by Lessee of shut-in gas royalty except that the time for the Lessee to cure any non-payment thereof is otherwise stated in paragraph 4 hereof.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Should Lessee become involved in any dispute or litigation arising out of any claim adverse to the title of Lessor to said land, Lessee may recover from Lessor its reasonable and necessary expenses and attorneys fees incurred in such dispute or litigation, with the right to apply royalties accruing hereunder toward satisfying said expenses and attorney fees. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulfur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. When drilling, production or other operations on said land or land pooled with such land, or any part thereof, are prevented, delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, sabotage, riot, strike, difference with workers, or failure of carriers to transport or furnish facilities for transportation, or as a result of some law, order, rule, regulation or necessity of governmental authority, either State or Federal, or as a result of the filing of a suit in which Lessee's title may be affected, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the lease shall nevertheless continue in full force and effect. If any such prevention, delay or interruption should commence during the primary term hereof, the time of such prevention, delay or interruption shall not be counted against Lessee and the running of the primary term shall be suspended during such time; if any such prevention, delay or interruption should commence after the primary term hereof Lessee shall have a period of ninety days after the termination of such period of prevention, delay or interruption within which to commence or resume drilling, production or other operations hereunder, and this lease shall remain in force during such ninety day period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable to breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

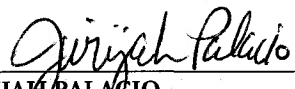
11. Lessor assumes all risk, responsibility and liability as to any injury or injuries sustained by themselves or by their representatives while they are upon the premises where operations or production is in progress, and where such injury or injuries occur through no fault of the Lessee or its representatives.

12. This lease states the entire contract between the parties, and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same, regardless of whether or not executed by all owners of the above described land or by all persons above named as "Lessor", and, notwithstanding the inclusion above of other names as "Lessor", this term as used in this lease shall mean and refer only to such parties as execute this lease and their successors in interest.

13. Lessee is hereby given the option to extend the primary term of this lease for an additional two years from the expiration of the original term. This option may be exercised by Lessee or Lessee's assigns at any time during the last year of the original primary term by paying to Lessor herein, or his heirs, successors or assigns, an additional bonus equal to the bonus dollars originally paid for this lease. Lessee or Lessee's assigns shall exercise such option by placing written notice of such action in the U.S. Mail, postage prepaid, to Lessor at the above address, or by delivery of such notice to Lessor, in either case, prior to the end of the primary term hereof.

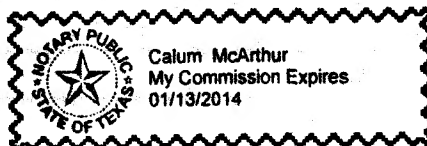
IN WITNESS WHEREOF, this instrument is executed to be effective as of the date first written above, and upon execution shall be binding on the signatory and signatory's heirs, executors, administrators, successors and assigns.

X   
ROBERTO PALACIO

X   
JIRIJAH PALACIO

ACKNOWLEDGEMENT

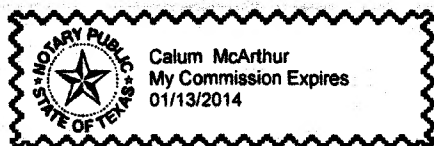
THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_




BEFORE ME, the undersigned authority, on this day personally appeared **ROBERTO PALACIO**, personally known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that they, being informed of the contents of same, executed the foregoing instrument for the purposes and consideration therein expressed to be of sound mind and under no fraud, dares or undue influence.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of March, 2011

(SEAL)



  
Notary Public, State of

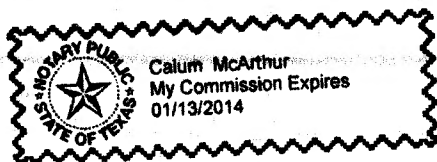
ACKNOWLEDGEMENT


THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared **JIRIJAH PALACIO**, personally known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that they, being informed of the contents of same, executed the foregoing instrument for the purposes and consideration therein expressed to be of sound mind and under no fraud, dares or undue influence.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28 day of March, 2011

(SEAL)



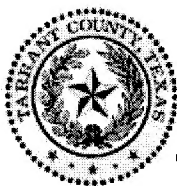
  
Notary Public, State of

AFTER RECORDING, PLEASE RETURN:

CASTLE RESOURCES, LLC  
PO BOX 16340, FORT WORTH, TX 76162

MARY LOUISE GARCIA

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

CASTLE RESOURCES LLC  
PO BOX 16340  
FT WORTH, TX 76162

Submitter: CLEAR FORK ROYALTY FUND  
LP

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 4/1/2011 9:34 AM

Instrument #: D211075764

LSE

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PGS

\$28.00

By: Mary Louise Garcia

D211075764

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: VMMASSINGILL